

# ARS □ CSREES □ ERS □ NASS

## *Policies and Procedures*

***Title:*** Funds Control at the Operating Level

***Number:*** 325.1-ARS

***Date:*** September 11, 1998

***Originating Office:*** Financial Management Division, Systems, Analysis, and Policy Branch, AFM/ARS

***This Replaces:*** ARS 325.1, dated 6/5/92

***Distribution:*** ARS Offices in Headquarters, Areas, and Field Locations

This P&P describes the essential elements of, and assigns responsibilities for, the ARS funds control process at the operating level.

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## 1. Authorities

31 United States Code (U.S.C.) 3512  
Public Law (PL) 97-255

## 2. Policy

Funds must be obligated up to the assigned funding level without exceeding this level. Overobligations of funds will be investigated and the responsibility for the overobligation determined. Exceeding the assigned amount, either intentionally or through negligence, could subject the fundholder to disciplinary action.

Funds which cannot be obligated by yearend for valid and/or important needs must be identified and reported to the appropriate management level in sufficient time to temporarily redistribute the funds to other high priority Agency needs. These temporary shifts must be made according to Agency policy on temporary movement of funds.

Fundholders and the Location Administrative Officer/Technician (LAO/T) should work cooperatively in planning and tracking expenditures.

## 3. Procedures

This section reflects the procedures and the individuals responsible for funds management.

LAO/T

- Work with the Area Budget and Fiscal Officer (ABFO) **to ensure** that the correct financial plan amount is reflected in **both** the Central Accounting System (CAS) and the Location Obligation Tracking System (LOTS). Particularly important is the need to quickly and accurately reflect changes resulting from salary lapse reported and releases of funds through the High Priority Requirements List, Emergency Needs Request processes, or from the Area Director's reserve.
- Promptly enter all transactions into LOTS. If backlogs develop at critical times such as yearend, immediate attention should be given to eliminate the backlog through the use of overtime or the temporary reassignment of personnel.

- Ensure that outstanding commitments are included in the LOTS Status of Funds reports provided to the fundholder. Unless the fundholder requests otherwise, large projected expenditures (such as estimated utilities, large procurements, and extramural agreements) will be accounted for as commitments.
- Provide Status of Funds reports in one of the approved LOTS formats to the fundholder in a timely manner. Exhibit 1 is the standard timetable for evaluating the timeliness and frequency of the reports.
- Update salary projections in LOTS through use of the Salary Management System (SAMS) monthly and more often as necessary, especially in the last quarter of the fiscal year. A SAMS Liability By Management Unit report should be attached to each LOTS Status of Funds report to provide details on salary projections to the fundholder.
- Reconcile transactions in LOTS to the official reports issued monthly by the CAS (i.e., Payroll Detail Listing, Transaction Detail Listing, and Object Class by Account). The purpose of this reconciliation is to detect errors which have been made in LOTS or CAS and to determine necessary adjustments to LOTS or CAS. This reconciliation will consist of “posting” LOTS transactions as they have been reported by CAS and will be performed **promptly after receipt of the reports at the location.**
- Answer questions from the fundholders and resolve issues related to whether certain documents should or should not be included on the fundholders’ accounts. (No LAO/T or Accounting Technician time should be spent “balancing” LOTS records to any records the fundholder continues to maintain.)
- Immediately correct the errors which are detected in LOTS. Errors which are detected in the CAS should be investigated and remedial action initiated immediately through communication with the National Finance Center (NFC). LOTS should always be adjusted to what is known (with reasonable certainty by the LAO/T) to be correct after proper research and followup.
- In June and August provide the fundholder with an account analysis report as described in Exhibit 2. This is an optional requirement.
- Provide copies of LOTS Status of Funds reports to the ABFO as requested.
- Work with the Location Coordinator and other Research Leaders to determine if special yearend funds control procedures would be helpful and if so, develop such procedures.

- For the first 6 months of the first expired fiscal year, i.e., from October 1 to March 31, continue to post in LOTS and reconcile LOTS records to the CAS accounting reports received for the prior year. Investigate the status of any valid, pending obligations at the end of this period and continue posting/reconciliation, as necessary.

#### Fundholder

- Enter the correct accounting code for the Management Unit (MU) and the benefiting Current Research Information System (CRIS) projects (subaccounts) on all obligation and commitment documents.
- Ensure that all documents which impact status of funds are submitted promptly to the LAO/T.
- At least three times a year, review the document listings provided by LOTS to determine if the documents belong to the MU. If the description field of LOTS has been properly used, only a visual review of the listing will be required on most items, rather than checking the listing against a hard copy document on file. A verification of every transaction is not recommended. Instead **this review should focus on larger transactions.**

#### ABFO/Chief, Fiscal Operations Branch (FOB), for Headquarters

- Review and analyze CAS reports during the year to detect problems with location accounts. Communicate with locations to ensure that immediate attention is given to resolving the problems.
- Review and analyze prior year CAS reports to evaluate funds control performance at yearend.
- Review and analyze LOTS and SAMS reports **at least quarterly** to ensure that the process is being performed correctly and in a timely manner.

#### Director, Financial Management Division (FMD)

- Report to the Administrator at least annually concerning the funds management performance of the Agency.
- Investigate situations where significant overobligations or underobligations of funds occur and prepare a report to the Administrator.

## 4. Summary of Responsibilities

### LAO/T

- . Use LOTS as the **only** location funds control system. No other system (either manual or automated) will be used or supported. LOTS must be operated as prescribed by this P&P.
- . Maintain a **direct and accurate** linkage of the CAS to LOTS. This will be accomplished through the monthly reconciliation process and the submission of period-end estimates at the end of the fiscal year.
- . Maintain current salary projections by CRIS and incorporate them into LOTS through the use of SAMS.
- . Adequately train personnel in accounts maintenance functions to fulfill the requirements of this P&P.
- . Establish special procedures with fundholders at yearend such as early cutoff dates and special document flows for committing funds in order to control funds better.

### Fundholders

- . Carry out the responsibilities assigned in P&P 320.1, Resource Management. Fundholders will be evaluated based upon CAS reports at yearend after appropriate adjustments are made. CAS is the official accounting system of the Agency and as such is the primary set of records that the Administration and Congress refer to when evaluating the Administrator's fund management performance.
- . Manage their assigned funding level as reported by the LAO/T in LOTS Status of Funds reports at the MU and CRIS project levels.
- . Rely on the financial information produced by the LAO/T. Optionally maintain a simple pending file of outstanding documents which should be totaled and deducted from the LOTS Status of Funds report. The maintenance of additional records by research scientists and research support personnel should be strongly discouraged. Accounting by scientist is not recommended because ARS does not support this level of detail in managing its funds.

### ABFO/Chief, FOB, for Headquarters

- . Provide guidance to LAO/T and fundholders on the funds control process, including review, analysis, and communication on CAS, LOTS, and SAMS reports.

## **The Director, FMD**

- . Provide assistance to Areas and locations in complying with this P&P, and monitor and report on Agency funds control performance.
- Approve or disapprove exceptions to this P&P.

## **5. Glossary**

**ABFO.** Area Budget and Fiscal Officer (For Headquarters: FMD-FOB).

**CAS.** Central Accounting System.

**CRIS.** Current Research Information System.

**FMD.** Financial Management Division, Administrative and Financial Management.

**FOB.** Fiscal Operations Branch, FMD.

**LAO/T.** Location Administrative Officer/Technician.

**LOTS.** Location Obligation Tracking System. The automated ARS local funds control system for reconciliation with CAS, and production of Status of Funds reports.

**MU.** Management Unit.

**SAMS.** Salary Management System. The automated ARS system for projection and tracking of salary costs.

/s/

W.G. HORNER  
Deputy Administrator  
Administrative and Financial Management

## Exhibit 1

### LOTS Reporting Schedule CRIS and MU Level Reports

Month(s)	Date(s) Due
October	No report required
November	Report optional at request of fundholder
December thru August	Eighth day of the subsequent month
August	An extra report should be provided immediately after receipt and reconciliation of the CAS reports for the end of July
September	At the least weekly, <b>and</b> at the request of the fundholder
September 30 final report	October 31

## **Exhibit 2**

### **Account Analysis Report**

#### **A. Purpose of the Report**

To analyze the spending in an account, and to project the need for additional funds or determine the availability of surplus funds. This is achieved by computing an average rate of spending (after excluding “big ticket” items) and projecting the spending rate through the end of the year.

#### **B. Procedures for Completing the Report:**

- 1 Enter Management Unit name.
- 2 Enter appropriate accounting code.
- 3 Enter current financial plans plus pending adjustments in transit.
- 4 Enter total obligations to date from LOTS system, including full-year salary costs and all pending transactions.
- 5 Subtract (4) from (3). This amount is available for the remainder of the fiscal year to cover “all other” needs.
- 6 Subtract full-year salary cost from (4), enter the balance.
- 7 List full-year contracts and agreements, equipment, and other major non-routine expenditures (greater than \$1,000) which have been entered in LOTS.
- 8 Total the items listed under (7).
- 9 Subtract (8) from (6), enter the balance.
- 10 Enter the number of months expired.
- 11 Divide (9) by (10), enter the balance.
- 12 Enter the number of months remaining.
- 13 Multiply (11) by (12), enter the balance.

14 List the “big ticket” items (same criteria as used in (7) above that are budgeted but not yet recorded in LOTS).

15 Total the items listed under (14).

16 Enter any adjustments that have not been considered in (3) or (4) above.

17 Total the items listed under (16).

18 Subtract the amounts in (13), (15), and (17) from (5), enter the balance. If the balance reflects a surplus, funds are available over and above those needed to finance the current rate of expenditures.

If the balance reflects a shortage, it **must be** responded to by reducing the rate of expenditures or receiving additional funds.

## AGRICULTURAL RESEARCH SERVICE - ACCOUNT ANALYSIS REPORT

(1) MANAGEMENT UNIT _____			
(2) ACCOUNTING CODE: _____			
(3) FINANCIAL PLAN			0
(4) OBLIGATIONS/COMMITMENTS THRU: _____			<u>0</u>
(5) BALANCE AVAILABLE (ALL OTHER)			0
<b>Analysis of All Other Obligations/Commitments</b>			
(6) TOTAL "ALL OTHER" OBLIGATIONS		0	
(7) LESS: MAJOR NONRECURRING OBLIGATIONS/ COMMITMENTS <div style="margin-left: 40px;"><u>Description</u></div>	<u>Amount</u> 0 0 <u>0</u>		
(8) Total Nonrecurring Obligations/Commitments		<u>0</u>	
(9) OBLIGATIONS RELATED TO ROUTINE EXPENSES		0	
(10) (Divided by number of months expired)		<u>0</u>	
(11) AVERAGE ROUTINE EXPENDITURES PER MONTH		0	
(12) (Multiplied by number of months remaining)		<u>0</u>	
(13) PROJECTED ROUTINE EXPENDITURES FOR REMAINDER OF YEAR			0
(14) FUTURE PLANNED ROUTINE EXPENDITURES <div style="margin-left: 40px;"><u>Description</u></div>	<u>Amount</u> 0 0 <u>0</u>		
(15) TOTAL PLANNED NONROUTINE EXPENDITURES			0
(16) OTHER ADJUSTMENTS <div style="margin-left: 40px;"><u>Description</u></div>	<u>Amount</u> 0 0 <u>0</u>		
(17) TOTAL ADJUSTMENTS			<u>0</u>
(18) PROJECTED SURPLUS OR NEED			0